UNITED NATIONS

A E

General Assembly
Economic and Social Council

Distr.
GENERAL

A/47/278
E/1992/77
18 June 1992

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-seventh session
Item 12 of the preliminary list*
REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1992
Item 12 of the provisional agenda**
DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

# Note by the Secretary-General

The Secretary-General has the honour to transmit to the Economic and Social Council and to the General Assembly, as an annex to the present note, a note by the Secretary-General of the United Nations Conference on Trade and Development on the resource and other implications of the application of the new criteria for identifying the least developed countries on the implementation of the Programme of Action for those countries for the 1990s, pursuant to General Assembly resolution 46/206.

---

* A/47/50.

** E/1992/100.

92-26145 3230f (E) 250692 280692

/...

Annex

# IMPLICATIONS OF THE APPLICATION OF THE NEW CRITERIA FOR IDENTIFYING THE LEAST DEVELOPED COUNTRIES

## Note by the Secretary-General of the United Nations Conference on Trade and Development

1. In its resolution 46/206, the General Assembly requested the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) to report to the Conference at its eighth session on the resource and other implications of the application of the new criteria for identifying the least developed countries on the implementation of the Programme of Action for the Least Developed Countries for the 1990s. It also requested him "to follow his report to the Conference with a report to the General Assembly at its forty-seventh session, through the Economic and Social Council, on the same subject". The present note has been prepared in response to the latter request. The report on this subject submitted by the Secretary-General of UNCTAD to the Conference at its eighth session is also attached (see appendix).

2. Since the adoption of the Programme of Action for the 1990s by the Second United Nations Conference on the Least Developed Countries, a total of 6 new countries have been added by the General Assembly to the group of least developed countries, which now number 47 and have a combined population of over half a billion, nearly one tenth of the world population. Apart from Liberia in 1990, five others - Cambodia, Madagascar, the Solomon Islands, Zaire and Zambia - were included in the category by General Assembly resolution 46/206 of 20 December 1991, upon the recommendation of the Committee for Development Planning, which had formulated new criteria for the identification of least developed countries. a/ The set of aid targets adopted by the Second United Nations Conference on the Least Developed Countries was designed to help to meet the external capital requirements of the 41 countries which were at that time identified as least developed. According to estimates by the UNCTAD secretariat, the additional increase in the external capital requirements of the least developed countries as a group, following the inclusion of the new countries, is in the order of 20 per cent. The implications of the enlarged list of least developed countries for the aid targets established in the Programme of Action, as well as the requirements for further debt relief and trade concessions, are discussed in more detail in the attached report by the Secretary-General of UNCTAD.

3. At the eighth session of the Conference, the donor countries reaffirmed their determination to implement the Official Development Assistance (ODA) commitments they had undertaken in the Programme of Action with regard to the 41 least developed countries included in the list at the time of the adoption of the Programme. As regards the consequences of the inclusion of six additional countries in the least developed countries list, the Conference requested the Trade and Development Board, when undertaking the review of

progress in the implementation of the Programme of Action, to consider the implications for appropriate adjustments for the commitments contained in the Programme in respect of targets and levels of ODA. b/ This item is on the provisional agenda of the first part of the thirty-ninth session of the Board, which will take place in September-October 1992.

4. In this connection, the Conference also invited the Governing Council of the United Nations Development Programme (UNDP) to consider adjusting the total allocation of indicative planning figures (IPFs) to least developed countries in the light of additions to the list of least developed countries. It further stated that the call in the Programme of Action for increasing the resources of the United Nations Capital Development Fund (UNCDF) by 20 per cent a year should also be appropriately adjusted. The Governing Council, at its thirty-ninth session in May 1992, noted that UNCTAD, at its eighth session, had invited the Governing Council to consider adjusting the allocation of IPFs to least developed countries in the light of additions to the list of least developed countries. It requested the Administrator to inform the Governing Council at its fortieth session (1993) of the complete list of indicative planning figures for the fifth cycle.

## Notes

a/ Official Records of the Economic and Social Council, 1991, Supplement No. 11 (E/1991/32), chap. V.

b/ Cartagena Commitment (TD(VIII)/Misc.4), para. 218.

Revised table 1

| | 41 LDCs a/ | | | | 47 LDCs | | | |
|---|---|---|---|---|---|---|---|---|
| | Total of which: | | Total | | Total of which: | | Total | |
| | | African (% of total) | As % of all developing countries | World | | African (% of total) | As % of all developing countries | World |
| Number of countries | 41 | 28 b/ | 32 c/ | 25 d/ | 47 | 32 b/ | 36 c/ | 29 d/ |
| Population e/ (millions) | 442 | 51 | 16 | 8.4 | 510 | 56 | 18 | 9.7 |
| GDP f/ ($ billions) | 107.8 | 54 | 4.2 | 0.6 g/ | 126.1 h/ | 60 | 5.0 | 0.7 g/ |
| Exports e/ ($ billions) | 8.7 | 63 | 1.2 | 0.25 | 11.6 | 72 | 1.6 | 0.34 |

Source: UNCTAD secretariat calculations based on data from the United Nations Statistical Division, the Economic Commission for Africa, the World Bank and other international and national sources.

a/ Countries identified as least developed countries at the time of the adoption of the Programme of Action for the 1990s by the Second United Nations Conference on the Least Developed Countries.

b/ Actual numbers.

c/ Percentage of the membership of the Group of 77.

d/ Percentage of United Nations membership.

e/ 1990 data.

f/ 1989 data.

g/ As percentage of world excluding countries of Eastern Europe.

h/ Data not available for Cambodia.

Revised table 2

Bilateral and imputed multilateral ODA from countries members of the Development Assistance Committee of the Organisation for Economic Cooperation and Development to the group of least developed countries, 1990

| | | $ million | | % of donors' GNP | |
|---|---|---|---|---|---|
| | | 41 LDCs | 47 LDCs | 41 LDCs | 47 LDCs |
| IV. | Australia | 157 | 181 | 0.06 | 0.06 |
| IV. | Austria | 94 | 104 | 0.06 | 0.07 |
| III. | Belgium | 242 | 357 | 0.12 | 0.18 |
| III. | Canada | 624 | 691 | 0.11 | 0.12 |
| I. | Denmark | 426 | 469 | 0.34 | 0.37 |
| I. | Finland | 275 | 319 | 0.21 | 0.24 |
| II. | France | 1 655 | 2 058 | 0.14 | 0.17 |
| III. | Germany | 1 373 | 1 634 | 0.09 | 0.11 |
| III. | Ireland | 17 | 21 | 0.05 | 0.06 |
| II. | Italy | 1 091 | 1 314 | 0.10 | 0.12 |
| IV. | Japan | 1 454 | 1 658 | 0.05 | 0.06 |
| I. | Netherlands | 714 | 806 | 0.26 | 0.29 |
| IV. | New Zealand | 14 | 16 | 0.03 | 0.04 |
| I. | Norway | 458 | 552 | 0.44 | 0.53 |
| I. | Sweden | 691 | 771 | 0.31 | 0.35 |
| IV. | Switzerland | 263 | 311 | 0.11 | 0.13 |
| III. | United Kingdom of Great Britain and Northern Ireland | 751 | 861 | 0.08 | 0.09 |
| IV. | United States of America | 1 945 | 2 168 | 0.04 | 0.04 |
| III. | Total European Economic Community | 6 268 | 7 519 | 0.12 | 0.14 |
| | Total Development Assistance Committee | 12 243 | 14 290 | 0.08 | 0.09 |

Source: UNCTAD secretariat calculations based on information from the OECD/DAC secretariat.

Note: I. Country providing more than 0.20 per cent of GNP as ODA to least developed countries.
II. Country committed to 0.20 per cent target.
III. Country committed to 0.15 per cent target (either individually or collectively as EEC member).
IV. Country committed to a significant increase in ODA to least developed countries.

## Appendix

# THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s*

## Report by the Secretary-General of UNCTAD

CONTENTS


| | | Paragraphs |
|---|---|---|
| Introduction | | 1 - 3 |
| Part I. | Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s | 4 - 35 |
| Part II. | Implications of the Application of the new criteria for identifying the least developed countries on the implementation of the Programme of Action | 36 - 59 |

Annexes

I. Background

II. Annex tables


---

* Previously issued as document TD/359.

## INTRODUCTION

1. The United Nations General Assembly, in its resolution 45/206 endorsing the Programme of Action for the Least Developed Countries for the 1990s, decided that the UNCTAD Trade and Development Board would undertake, during each of its annual spring sessions, a review of progress in the implementation of the Programme of Action.

2. Accordingly, the Trade and Development Board, at the second part of its thirty-seventh session in March 1991, under the agenda item concerning the above review adopted resolution 390(XXXVII) in which it requested the Secretary-General of UNCTAD to present a report to the eighth session of UNCTAD on the progress made in the implementation of the Programme of Action. The first part of the present report responds to this request. The report of the Secretary-General on the implementation of the Programme of Action (A/46/566) to the forty-sixth session of the General Assembly is also relevant for the consideration of issues raised in this report.

3. Subsequently, the General Assembly, in its resolution 46/206, requested the Secretary General of UNCTAD to report to UNCTAD VIII on the resources and other implications of the application of the new criteria for identifying the LDCs on the implementation of the Programme of Action.[1/] In response to this request, the second part of the report discusses the implications of the addition by the General Assembly of five countries to the list of LDCs.

---

[1/] The General Assembly, in applying the new criteria developed by the Committee on Development Planning, decided during its forty-sixth session to include five more countries (Cambodia, Madagascar, Solomon Islands, Zaire and Zambia) in the list of LDCs, bringing the total to 47. Is also decided that the graduation of one country (Botswana) would be completed following a transition period of three years. For reference see annex I.

## Part I

## REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s */

4. Two decades ago the United Nations designated 24 countries as being least developed and eligible for special measures by the international community to help them address the particular set of structural factors they face in raising productivity and income growth. By the end of 1991 the number of countries so designated had grown to 47. On the face of it, this suggests that there has been a broadly-based failure by both the Governments of the countries concerned and the international community as a whole to provide the requisite macro-economic environment for their sustained development. The enlargement of the list, particularly during the 1980s, also suggests that the requirements for sustaining growth for many countries have become more demanding. Far from catching up with other, more dynamic, developing economies, they may be sliding into a pattern of decline and stagnation.

5. This is only part of the story, however, if the varying performance of different LDCs is examined, there are grounds for asserting that a steady improvement in living standards is not only possible in a relatively short period but has in fact been attained by 11 of these countries (with 58 million population). An additional six countries (with 124 million population) realized modest per capita GDP gains.

6. The relative success of this group of LDCs in securing above-average rates of output growth during the 1980s - a period of singular turmoil in the international economy - is a matter of more than passing interest. The economies of all LDCs face similar, if not identical, structural problems and are confronted by similar conditions of access to product markets and to external finance. Increasingly, creditors' approaches to critical issues such as debt relief have been converging. What, then, are the factors explaining the marked differences among LDCs in growth performance and what lessons can be drawn from their varied experience? Answers to such questions are of inherent concern not only to Governments and policy makers, but also to the peoples of the countries directly concerned.

### What are the grounds for optimism?

7. The general performance of the economies of the LDCs in the 1980s presents a picture of bland stagnation. If, however, a careful analysis is made of the progress achieved in the decade and of the opportunities which the newly emerging world political and economic climate may present for further progress, there are grounds for hope, and perhaps even for a certain degree of optimism, in considering their prospects.

8. The achievement of relatively high growth rates in a number of LDCs (in comparison with the group average) is due in part to the following: strong gains in the purchasing power of their exports and a consequent ability to expand the volume of imports and maintain a high level of domestic investment; continued high levels and effective use of concessional

---

*/ This part of the present report is derived from the Overview by the Secretary-General of UNCTAD in The Least Developed Countries 1991 Report.

assistance (and sharp increases in the per capita volume of such assistance for several of them, which had previously received amounts well below the average); a strong expansion of agricultural production, with significant per capita gains in several cases (but no significant per capita losses); relatively efficient management of external debt (only two countries required Paris Club debt rescheduling in 1984-1990). Other special factors which helped the relatively fast-growing countries were large emigrants' remittances, strong tourism earnings, and, for the six Asian LDCs, the spillover effects of sharply accelerated growth in neighbouring countries.

9. At the other extreme there were countries with rapid declines in growth and in various indicators of human development. These countries suffered from varying combinations of war, turmoil and unrest, exacerbated in many cases by a heavy inflow of refugees from neighbouring areas of conflict, severely declining export earnings, onerous debt burdens, high inflation and accompanying severe devaluations, severe declines in investment, and sharp falls in import value.

10. In comparing the two extremes, it should be noted that those countries which have been included in the United Nations list more or less from the very beginning have on the whole performed better during the 1980s than those included more recently. This suggests that a judicious (as well as, at times, fortuitous) combination of policies and specific international support measures in their favour has played a significant role.

11. The above analysis supports the declaration made by the participants in the Second United Nations Conference on the Least Developed Countries that the deterioration in the economic, social and ecological situation of the LDCs could be reversed if these countries and their development partners stepped up and combined their efforts in a spirit of solidarity. If the Programme of Action is expeditiously and fully implemented by all concerned, a large number of LDCs could re-activate their growth and development.

12. This requires that the LDCs, which have the primary responsibility for their own development, should enhance the implementation of national policies and measures in line with the Programme of Action, including through macro-economic policies conducive to long-term and sustainable development, the promotion of individual initiative and the participation of all their people in the development process. Their development partners should effectively implement the commitments they have undertaken in the Programme of Action in all areas of international support including official development assistance, debt relief and external trade.

13. Of great significance, in the context of the foregoing, is the prospect of the settlement of many of the long-standing conflicts and turmoil which have plagued several LDCs. The general improvement in the world political climate holds out the promise of improving conditions for the restoration of internal stability and hence for reactivating their process of development.

**The drive towards reform**

14. The failure of macro-economic policies to yield the desired results, even allowing for the adverse external environment that prevailed throughout the 1980s, provided the initial stimulus towards major policy reforms. As the decade unfolded, country after country, usually with external financial support, initiated policy changes designed initially to remedy economic disequilibria and to re-establish conditions for viable long-term growth.

15. However, this process was not pursued with the requisite degree of financial and other support by LDCs' development partners or the multilateral financing institutions. The fact that many stabilization programmes have been either abandoned or drastically modified

before their completion is indicative as much of the problems stemming from less than full commitment to their implementation as of the complexity of implementing policy reforms in an extremely difficult international environment. The experience gained from both the failures and successes registered suggests that the process is arduous, not only from the standpoint of the capacity of Governments to manage and administer them, but also regarding the choice of policy instruments, the sequencing of their application, and their comprehensiveness as well as duration. Yet another difficulty arises from the politically sensitive nature of the reforms, since they entail unequal benefits for different interest groups and their adverse effects often fall heavily on the most disadvantaged.

16. In the elaboration of such programmes, the main challenge, therefore, lies in the need to strike a balance between efficiency objectives and welfare considerations without politically destabilizing effects.

17. Policies designed to reduce government intervention have been spurred in the main by widespread dissatisfaction over the performance of public enterprises and the need to stop the unsustainable drain of public budgets caused by related subsidy transfers. To that end, virtually all reform programmes have given emphasis to the consolidation, liquidation, or restructuring of public enterprises. One major instrument frequently advocated for reordering the roles of the public and private sector is privatization. However, instances of its appropriate application are often limited in LDCs, where the public sector must continue to play a facilitating, albeit lessened, role in key social sectors as well as some productive sectors. As a consequence, the design of programmes to restructure public enterprises and improve their efficiency as well as liberalizing entry into activities previously restricted to such enterprises will remain a leading policy objective in many LDCs.

18. The need to secure fiscal balance has involved the reform process in issues of expenditure control and resource mobilization. The size, composition and quality of public investment and other expenditure have come under close scrutiny in many LDCs. Expenditure policies are being modified to give priority to productive investment and maintenance expenditure (such as infrastructure, storage and marketing facilities), so as to support the growth of the tradeables sector and of employment-generating activities. On the revenue side, fiscal reforms are under way to replace taxes on productive activities and other disincentives to production (particularly in agriculture) by taxes on consumption and value added.

**Trade diversification**

19. The prominence given in reform programmes to macro-economic stability and increasing the capacity to deal with external shocks has led many LDCs to accord high priority to diversification of the economy. During the 1980s dependence on one or two major sectors or products for foreign exchange earnings rendered many LDCs highly vulnerable to short and long-term adverse changes in international terms of trade. Over half of the LDCs experienced setbacks in per capita growth and in almost all these cases this coincided with, and was caused mainly by, depressed world demand and prices for traditional primary commodity exports. Breaking the vicious circle of dependence on one or two commodities therefore requires sustained efforts in diversifying exports, complemented by sustainable import substitution. In the short term, this implies capitalizing on the most promising options to raise exports, including traditional exports, recuperating, or at least retaining, market shares in existing exports, exploiting new resource-based export potential, and developing new agricultural exports or services which in some countries have a potential comparative advantage (e.g. horticulture and tourism). Over the longer term, trade diversification will require an examination of the potential for the domestic processing of commodities currently exported in raw forms.

20. National policies for diversification include cautious macro-economic management, carefully targeted micro-economic incentives and improved governance. Macro-economic management must remain firmly focused on bringing the public sector accounts rapidly back into balance. LDCs are inflation-prone and the vicious circle of inflation and devaluation is a constant danger. This has implications for the sequencing of economic adjustment measures and trade policy reforms. At the micro and firm level measures should be focused on exports, including the linkage between exports and imports. Bonded warehouses, duty drawback schemes and transparent foreign exchange allocations for exporting firms need to be put in place without delay. An important requirement for diversification is the speedy and fair implementation of measures to promote investment, both domestic and foreign, exports and sustainable import substitution. Policies by the international community to support trade diversification in LDCs should take the form of improving their market access, including the relaxation of the rules of origin and other improvements in the generalized system of preferences, and encouraging foreign direct investment to play a catalytic role by providing technical back-up and intra-industry support facilities.

**Popular participation and development**

21. In the final analysis, the main beneficiaries and instruments of recovery in the LDCs will be their people, the source of their greatest wealth. The challenge confronting these countries is how to create the economic, social and political conditions which would motivate the people to apply their energies and skills for the benefit of the nation. In addition to respect for human rights this effort will call for programmes aimed at enhancing popular participation in the development process, and in decision-making processes which affect their welfare, including their access to productive assets.

22. In several LDCs far-reaching changes in the system of governance, ranging from free elections to democratic constitutional reforms, have ushered in new possibilities for establishing more participatory and transparent political systems. These changes, however, have not been easy to sustain. Examples of elections failing to result in the installation of popular Governments and of the forcible removal of elected Governments point to the fragility of some of these transformations. Moreover, the discontinuities and dislocations which often accompany the changes could be an additional source of uncertainty. These changes, therefore, need to be fully supported and nurtured.

23. Participatory development is not only a means, but also an end in itself. As an instrument, it is the means of mobilizing collective commitment and involvement for all human-centred development processes. As an end, it reflects the fundamental right of people to participate effectively in all decision-making that affects basic aspects of their lives.

**Medium-term prospects for development**

24. The expectation that the 1990s would usher in an era of steady growth of the world economy - once the effects of the recession had been overcome - was based on such factors as the spread of the market economy, the deepening of political reforms and the major technological breakthroughs revolving around information technology. More recent developments affecting the level as well as patterns of economic activity could call into question the adequacy of support measures envisaged in the Paris Programme of Action.

25. In the present decade, the performance of the LDCs will be heavily influenced by the outcome of policy reforms they have initiated. Equally important will be developments in the world economy, notably as regards the availability of external finance and the evolution of the international trading environment. In the light of revised prospects for growth in

the world economy,[2]/ the UNCTAD secretariat's current assessment of capital requirements of the LDCs for the 1990s is some 20 per cent higher than originally estimated, amounting to as much as $43.8 billion (in 1990 prices) by the year 2000.[3]/ This would call for a very substantial increase in net resource flows, including ODA, to these countries over and above the aid undertakings contained in the Programme of Action.

26. This additional external resource requirement for LDCs also needs to be considered in the context of the anticipated claims on global resources arising from postwar reconstruction in the Persian Gulf region, the unification of Germany, and the financing needs of other developing countries and of the economies in transition of Central and Eastern Europe. These claims have given rise to concern that available global investable resources may fall short of the supply of savings and result, in the first instance, in a rise in interest rates, which would increase the cost of debt servicing. Whilst such a rise could, in principle, be accommodated by an expansion in export earnings, in practice this is likely to be limited in the LDCs by inadequacies of infrastructure and lack of trade diversification.

27. A second factor of importance for the LDCs' medium-term prospects is the external trading environment, particularly the outcome of the Uruguay Round and the coming into force of a single EEC market. The implications of the Single European Market (SEM) for those LDCs which enjoy preferential access to the EEC market under the Lome Convention are perhaps easier to identify at this stage than those of the agreements that may emerge from the Uruguay Round. Increasing concern is expressed that regional trading arrangements such as the SEM might tend to become more trade-diverting rather than trade-creating, and extend greater protection to members at the expense of non-participating countries. This, in turn, may impinge directly on the preferential status of LDCs or affect these countries indirectly through retaliatory measures undertaken by non-participating countries, both developed and developing. Others have dismissed these fears as groundless, noting that the trade-creating effect on account of higher incomes within the trading groupings will also spill over to non-members. However, LDCs have a limited range of export products, and demand elasticity for these products in developed countries is low. Consequently, if they are to benefit from a more dynamic EEC market, they will need additional supportive measures, such as greater participation of foreign direct investment in their export sectors and more liberal rules of origin under the generalized system of preferences.

28. As regards the outcome of the Uruguay Round, LDCs may be affected in different ways. Across-the-board tariff reductions may erode the preferential treatment they currently enjoy with many importing developed countries. In these circumstances, negative trade creation may occur, further reducing their exports. Furthermore, greater liberalization of trade in agriculture would, at least for a transitional period, result in substantially higher world prices of basic foodstuffs such as grains, livestock products and edible oils. Thus, net food-importing (i.e. most) LDCs would have to cope with an additional burden of their balance of payments, with serious consequences for their development process and the well-being of vulnerable social groups such as women and children, whose food intake is already often insufficient. At the same time, several LDCs

---

[2]/ See United Nations Department of International Economic and Social Affairs, World Economic Survey, December 1991.

[3]/ The original estimates, made in preparation for the Paris Conference, were based on a growth objective for the LDCs of 5.0 per cent per annum for the latter part of the 1990s.

may benefit from the currently proposed regime for liberalization of trade in textiles and clothing in the context of the Uruguay Round, provided that increased foreign direct investment in this sector is forthcoming. The implications of results of the Uruguay Round for the LDCs should be evaluated and analysed with a view to ensuring that their implementation complements the Programme of Action and is supportive of LDCs' trade policy reforms.

29. In general, however, improved market access for LDCs would have little impact on their trade performance if obligations arising from texts negotiated for the new areas, particularly in the field of intellectual property and trade-related investments, were seriously to circumscribe their freedom and flexibility to pursue autonomous national development policy objectives aimed at enhancing their capacity to take advantage of opportunities arising from multilateral liberalization of trade.

**Increasing the net flow of resources to LDCs**

30. The menu of different undertakings adopted at the Paris Conference with regard to concessional resource flows to LDCs should encourage each donor to improve its aid performance. These undertakings call for donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs to increase their efforts; they also provide for those donors which have committed themselves to, but not yet met, the previous target of 0.15 per cent to move more rapidly towards achieving it; other donor countries committed themselves to increasing their official development assistance to the LDCs so that collectively their assistance to these countries would significantly increase. In view of the specific announcements that have been made by several donors (notably France, Italy, EEC and Japan) the prospects for a significant increase in flows of official development assistance to LDCs are encouraging.

31. It is clearly a matter of concern that whereas countries members of the OECD Development Assistance Committee devoted 0.09 per cent of their GNP as official development assistance to LDCs throughout most of the 1980s, this average fell to 0.08 per cent in 1990. The quite high current performance of certain donors, as well as the previously better performance of others, including major donors, already shows that stronger efforts are feasible; such enhanced efforts by donors are indispensable for the success of the partnership envisaged in the Programme of Action.

32. An issue which also needs explicit consideration is the external resources implications of modifications of the list of LDCs. The set of aid targets adopted by the Paris Conference was designed to help meet the external capital requirements of the 41 countries which were at that time identified as least developed. Since then Liberia has been added to the list by the General Assembly at its forty-fifth session (1990) and five more countries - Cambodia, Madagascar, the Solomon Islands, Zaire and Zambia - were added at its forty-sixth session (1991). To reflect adequately these, and possible future, additions to the list, the aid targets established in the Programme of Action should be raised as countries are added, so as to cover the current level of assistance to these countries and their additional resource needs. Within the United Nations Development Programme, an increase in the LDCs' share of indicative planning figures would also be needed in the light of changes in the list. Similar revisions of benchmark allocations to LDCs would need to be made in other agencies which have adopted similar programming procedures.

33. The acute financing problems facing several LDCs - notably Afghanistan, Ethiopia, Guinea, Lao People's Democratic Republic, Mozambique and Yemen - whose extensive economic ties with countries of Central and Eastern Europe have suffered disruption also warrant the most careful attention by the international community. These LDCs will

require considerable adjustment support from the international community over the medium term to enable them to offset the consequences of any further decline in financial assistance and of reduced market demand for their exports.

**The scope for further debt relief**

34. The external indebtedness of LDCs is no longer building up as rapidly as in the mid-1980s. Even so, their outstanding external debt increased by about 4 per cent in 1990, i.e. to $86.3 billion, and indicators of their external debt burden have not yet shown any fundamental improvement. This burden continues to be very heavy and constitutes a major hindrance to LDCs' efforts to adjust and reactivate their economies.

35. In seeking to alleviate the LDCs' official bilateral debt in line with the provisions of the Paris Programme of Action, four priorities can be defined. One is to continue to provide new development financing on grant or near-grant terms. The second is to press for maximum debt reduction in future renegotiations of debt in the Paris Club, keeping in mind that the situation of many LDCs warrants a complete write-off of their bilateral official debt. The third is to encourage non-OECD creditor countries to take parallel measures for debt forgiveness and rescheduling, including further debt relief measures in respect of official development assistance. Finally, equivalent benefits need to be extended to all LDCs pursuing economic policies that would qualify them for official debt relief on special concessional terms, including those countries which have so far avoided rescheduling their debts. In this context, one way both to associate creditor countries not participating in the Paris Club with agreed debt reduction programmes and to ensure benefits to a larger group of LDCs could be to enlarge the agenda and participation in the country review groups (including consultative and aid group meetings, round tables) concerned with the follow-up of the Programme of Action at the national level; debt relief should be dealt with as a specific agenda item in these groups, with all major creditor countries of the LDC concerned participating in the consideration of necessary debt reduction and rescheduling measures. In addition to action on official bilateral debt, attention also needs to be given to relief measures for both official multilateral debt and commercial debt.

## Part II

## IMPLICATIONS OF THE APPLICATION OF THE NEW CRITERIA FOR IDENTIFYING THE LEAST DEVELOPED COUNTRIES ON THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

36. The General Assembly, in resolution 46/206 endorsed the recommendations of the Committee for Development Planning (CDP)[4]/ regarding the inclusion of Cambodia, Madagascar, Solomon Islands, Zaire and Zambia in the list of LDCs. Consequently, the number of LDCs has increased from 42 to 47 countries, accounting for almost 30 per cent of the membership of the United Nations. The population of the enlarged LDC group has become 15 per cent higher, having risen from 445 million to over 500 million, corresponding to almost one fifth of the population of the developing countries as a whole (using 1990 data). In terms of GDP and exports, on the other hand, the shares of the LDCs in total developing countries and in world total remain very small (see table 1).

### Implications for the Programme of Action

37. The Programme of Action adopted by the Second United Nations Conference on the Least Developed Countries sets out the main framework for concerted international action on behalf of these countries for the 1990s. It is a comprehensive statement of strategy and policy, which delineates both the national and the international actions which need to be pursued to arrest and reverse the deterioration in the socio-economic situation in the LDCs and to revitalize their growth and development. The Programme of Action was designed and agreed upon for the 41 countries identified as LDCs at that time. Any subsequent increase or decrease in the number of LDCs covered invariably calls for a corresponding revision of the volume of external support and of the scope of international actions on behalf of the LDCs. At the same time, countries added to the list will be expected to fulfil the commitments to national policies undertaken in Paris by other LDCs. Below, an attempt is made to examine the implications of the enlarged LDC list regarding the implementation of the main provisions set out in the Programme of Action. The focus is on implications for international action with respect to resources, debt and trade.

### ODA targets

38. At the Conference in Paris, all donors joined in the consensus on a set of alternative aid targets with a view to significantly increasing the volume of aid to the LDCs. The formulation includes the following provisions:

(i) Donor countries already providing more than 0.20 per cent of their GNP as official development assistance (ODA) to the least developed countries should continue to do so and increase their efforts;

---

[4]/ See chapter V of the Report of the Committee for Development Planning (document E/1991/32).

Table 1

| | 42 LDCs | | | | 47 LDCs | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | of which: African (% of total) | Total as % of all developing countries | World | Total | of which: African (% of total) | Total as % of all developing countries | World |
| Number of countries | 42 | 29a/ | 33b/ | 26c/ | 47 | 32a/ | 36b) | 29c/ |
| Population d/ (millions) | 445 | 51 | 16 | 8.4 | 510 | 56 | 18 | 9.7 |
| GDP e/ ($ billions) | 109.1 | 54 | 4.3 | 0.6f/ | 126.1g/ | 60 | 5.0 | 0.7f/ |
| Exports d/ ($ billions) | 9.1 | 64 | 1.2 | 0.26 | 11.6 | 72 | 1.6 | 0.34 |

Source: UNCTAD secretariat calculations based on data from the United Nations Statistical Office, the Economic Commission for Africa, the World Bank and other international and national sources.

a/ Actual numbers.

b/ Percentage of the membership of the Group of 77.

c/ Percentage of United Nations membership.

d/ 1990 data.

e/ 1989 data.

f/ As percentage of world,excluding countries of Eastern Europe.

g/ Data not available for Cambodia.

(ii) Other donor countries which have met the SNPA target of 0.15 per cent should undertake to reach 0.20 per cent by the year 2000;

(iii) All other donor countries committed to the 0.15 per cent target should reaffirm their commitment and undertake either to reach that target within the next five years or to make their best efforts to accelerate their endeavours to reach it;

(iv) The other donor countries should, during the period of the Programme of Action, exercise their best efforts individually to increase their ODA to least developed countries so that collectively their assistance to these countries would increase.

39. This flexible approach was adopted on the basis of the external resource requirements of 41 LDCs so as to reflect individual donors' performances and encourage all of them to steadily increase their aid to these countries.[5/]

40. The UNCTAD secretariat has subsequently made calculations which show that the implementation of these undertakings by all donors concerned would result in a volume of aid which would not be sufficient, however, to meet fully LDCs' external capital requirements for accelerated growth in the 1990s. The secretariat's latest assessment suggests that for 42 LDCs (i.e. the 41 countries identified as LDCs at the time of the Paris Conference plus Liberia, which was included in the list of LDCs by the General Assembly in December 1991) these capital requirements would amount to as much as $43.8 billion in 1990 prices by the year 2000. This amount would correspond to close to twice the level of ODA which these LDCs would receive if the aid undertakings in the Programme of Action were to be fully implemented by then. [6/] The corresponding external capital requirements for accelerated growth of the 47 LDCs now included in the LDC list have been found to be about 18 per cent higher than those for the 42 LDCs.

41. Comparative DAC donors' aid levels in dollars and aid ratios to GNP,[7/] based on latest available (1990) data, are presented in table 2 (DAC countries provide the bulk of LDCs' aid). While total DAC flows in dollar terms to LDCs are as much as 16 per cent higher for the 47 LDCs as compared to the previous list of 42 LDCs, the difference between the ODA/GNP ratios for the two LDC lists (the current list and the previous list) is only 0.01 percentage point for the DAC average. However, for individual donors, the figures in the column relating to the 47 LDCs show in a number of cases substantially improved aid performances, and in most cases it appears that donors are closer to meeting their commitments (without having increased their aid to the LDCs).

---

[5/] For the classification of DAC countries according to their aid commitments, see table 2.

[6/] See The Least Developed Countries 1991 Report, part I, chapter VI, p. 58.

[7/] The figures relate to bilateral ODA plus imputed ODA flows through multilateral channels.

Table 2

Bilateral and imputed multilateral ODA from DAC countries to the group of LDCs, 1990

| | $ million | | % of donors' GNP | |
|---|---|---|---|---|
| | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs |
| IV. Australia | 158 | 181 | 0.06 | 0.06 |
| IV. Austria | 94 | 104 | 0.06 | 0.07 |
| III. Belgium | 243 | 357 | 0.12 | 0.18 |
| III. Canada | 626 | 691 | 0.11 | 0.12 |
| I. Denmark | 428 | 469 | 0.34 | 0.37 |
| I. Finland | 277 | 319 | 0.21 | 0.24 |
| II. France | 1659 | 2058 | 0.14 | 0.17 |
| III. Germany | 1385 | 1634 | 0.09 | 0.11 |
| III. Ireland | 17 | 21 | 0.05 | 0.06 |
| II. Italy | 1094 | 1314 | 0.10 | 0.12 |
| IV. Japan | 1465 | 1658 | 0.05 | 0.06 |
| I. Netherlands | 722 | 806 | 0.26 | 0.29 |
| IV. New Zealand | 14 | 16 | 0.03 | 0.04 |
| I. Norway | 461 | 552 | 0.45 | 0.53 |
| I. Sweden | 694 | 771 | 0.31 | 0.35 |
| IV. Switzerland | 264 | 311 | 0.11 | 0.13 |
| III. United Kingdom | 755 | 861 | 0.08 | 0.09 |
| IV. United States | 1970 | 2168 | 0.04 | 0.04 |
| III. Total EEC | 6303 | 7519 | 0.12 | 0.14 |
| Total DAC | 12327 | 14290 | 0.08 | 0.09 |

Source: UNCTAD secretariat calculations based on information from the OECD/DAC secretariat.

Note: I. Country providing more than 0.20 per cent of GNP as ODA to LDCs.
II. Country committed to 0.20 per cent target.
III. Country committed to 0.15 per cent target (either individually or collectively as EEC member).
IV. Country committed to a significant increase in ODA to LDCs.

42. Indeed, while the ratios are respectively identical for Australia and the United States, for all other individual donors (except Sweden, Belgium and Norway), the difference between the two ratios varies between 0.01 and 0.03 percentage points; for Sweden, Belgium and Norway, the aid levels to the 47 LDCs are much as 0.04, 0.06 and 0.08 per cent higher respectively. The average performance of EEC/DAC donors (who have declared their intention to exceed the 0.15 per cent target) is similarly improved, from 0.12 per cent for 42 countries to 0.14 per cent for 47 countries. It should also be noted that the enhancement of Belgium's performance, following the addition of new countries in the list, brings it close to the category of countries which meet the 0.20 per cent target, but all other DAC donors would still remain in their respective category of Paris commitments.

43. With the additional countries decided by the General Assembly for inclusion in the list of LDCs, it has become essential to consider revising ODA targets for LDCs. As indicated above, the larger external capital requirements of the current list would need to be matched by enhanced commitments on the part of donors. As a minimum, targets should be adjusted to take into account donors' current performance vis- -vis the enlarged list.

**UNDP resources**

44. The UNDP Governing Council has decided to assign 55 per cent of the IPF resources to the LDCs in the course of the Fifth Cycle. UNDP has a special allocation formula (including an extra allocation of three supplementary points) for basic Indicative Planning Figure (IPF) resources for each LDC, and has set up two special funds, the United Nations Capital Development Fund (UNCDF) and the Special Measures Fund (SMF), for the LDCs.[8]/ UNDP also grants LDC treatment to "as if" countries, but none of the additional countries is considered "as if" by UNDP. With the inclusion of five additional countries, the figure of 55 per cent would need to be modified, taking into account the IPFs to which the additional countries are entitled.

**Debt**

45. The change in the composition of the LDC list with the inclusion of five new countries which all bear a major debt burden substantially affects the level of the stock of debt owed by the LDCs. It also affects its composition, in terms of both type of debt and creditor country groups. The implications for the Programme of Action thus relate not only to the magnitude of the overall package of measures required, but also to the relative importance of such measures and of the burden-sharing among the creditors concerned.

46. As regards the magnitude of the package required, it can be seen from annex table 1 that, on the basis of 1989 data, the total debt stock owed by the 47 LDCs exceeds $100 billion (almost one-quarter above the corresponding level for the 42 LDCs), while debt service is over 30 per cent higher, reaching $5.6 billion. The main shifts consist of notable increases in the share of debt owed to OECD countries, particularly in respect of non-concessional export credits and short-term debt, as well as in the share of use of IMF credit.

---

[8]/ In the Programme of Action, the relevant national authorities are invited to increase the overall funding of UNCDF by 20 per cent a year over the 1990s. On the other hand, the possibility of a significant replenishment of the SMF seems unlikely in the near future.

47. As regards ODA bilateral debt, it should be noted that the debts of the five additional countries are mainly to DAC countries. While ODA debt to non-DAC countries is only about 5 per cent larger when the five additional countries are taken into account, ODA bilateral debt to DAC countries is increased on the whole by almost 20 per cent, from $12.8 billion to $15.3 billion. The relative increase in multilateral debt is of the same order of magnitude (over 16 per cent), from $23.5 billion to $27.3 billion, but the non-concessional part of it - although relatively small as compared to the total - increases by one half, from $2 billion to $3 billion. Moreover, use of IMF credit is higher by more than one half (see annex tables 1, 2 and 3).

48. At Paris, comprehensive agreement was reached on the type and magnitude of the debt problems of the LDCs and on the action needed to cope with them. Thus, in the Programme of Action, all donors are urged to implement measures to cancel or provide equivalent relief for bilateral ODA debt as a matter of priority. The Programme of Action also contains a number of important recommendations pertaining to other official bilateral (i.e. non-concessional) debts: the Paris Club is, inter alia, invited to apply Toronto terms to all LDCs seeking to reschedule their official debts according to its established procedures and criteria, and it is urged to review the implementation of the existing Toronto options that apply to LDCs and also to review additional options which may be necessary. (In the Programme of Action, it is stated that the discussions could include proposals made by some Governments which would involve further measures to reduce the debt burden of LDCs). Moreover, in the part of the Programme of Action dealing with multilateral debt, all multilateral institutions and development funds concerned, particularly those providing non-concessional credits, are invited to give serious attention to measures to alleviate the burden of the debt which the least developed countries owe to them, bearing in mind the need to preserve the sound financial basis and credit rating of these multilateral institutions and development funds and the revolving nature of their resources. With respect to commercial debt, donors, commercial banks and NGOs are encouraged to consider various mechanisms to alleviate the commercial debt burden.

49. The data referred to above (which are presented in greater detail in annex tables 1, 2 and 3) indicate that the need for debt relief action called for in the Programme of Action has become considerably larger because of the increased number of LDCs adopted by the General Assembly. In practice, however, the implications for the creditors concerned (mainly DAC countries) will depend on the priority they give to LDCs and the extent to which they agree on additional debt relief measures exclusively for this group of countries. Indeed, creditors tend to grant special debt relief and special additional financing in support of it on a case-by-case basis, often using criteria other than the LDC criteria. Trade and Development Board resolution 165(S-IX), on retroactive terms adjustment measures on debt, specifically mentions LDCs as a target group but is also addressed to "developing countries with debt-servicing difficulties, particularly... the most seriously affected among these countries"; and most recent initiatives and resolutions regarding debt relief refer rather to "poorest countries", which include the countries added to the LDC list. In fact, Madagascar, Zaire and Zambia (with debts ranging from 3.7 billion to over $9 billion, and which account for the bulk of the debt stock of the five countries newly designated as

LDCs) have already benefited from ODA debt cancellation as for LDCs. They are currently classified by the World Bank as severely indebted low-income countries[9]/ and have rescheduled their debts on Toronto terms.

External trade

50. In the area of external trade, the Programme of Action focuses on the need to support diversification, provide improved access to markets for LDC products, enhance multilateral co-operation in the field of commodities and enhance LDCs' access to compensatory and contingency schemes. The size and type of the trade of the five countries added to the LDC list provides a basis for an indication of additional action required as a result of the enlarged list.

51. The total trade of these five countries amounts to over one-fifth of LDCs' trade. Their trade is also of some significance as compared to developing countries' trade for some individual commodities like copper (Zambia and Zaire) and coffee (Madagascar) (see annex tables 4 and 5). These countries are predominantly mineral and/or agricultural exporters facing problems of a relatively weak competitive position on international markets, as well as export price instability. As regards eligibility for compensatory financing and other similar schemes, four of them, i.e. Madagascar, Solomon Islands, Zaire and Zambia - but not Cambodia - are ACP countries and thus entitled to Stabex and Sysmin benefits. Madagascar, Zaire and Zambia are also members of the IMF and, in principle, eligible for CCFF financing.[10]/

52. Although these five countries currently export a small share of manufactured products - the largest shares of manufactures in total trade (8 and 11 per cent respectively) are registered by Madagascar (because of cotton fabrics) and Zaire (because of metal products) - the scope for further processing and diversification might be large for some of

---

[9]/ Defined as countries in which three of four key ratios are above critical levels. These ratios and their critical levels are debt to GNP (50 per cent), debt to exports of goods and all services (275 per cent), accrued debt service to exports (20 per cent) and accrued interest to exports (20 per cent). Countries thus defined are eligible for the Special Programme of Assistance of the World Bank, although Zaire (like Somalia) is currently inactive. As for Cambodia, its debt is almost entirely owed to non-OECD creditors (Russian Federation and other countries in Eastern Europe) and barely exceeds $4.1 billion, while the debt of the Solomon Islands, although accounting for almost 70 per cent of its GNP, is very small in absolute terms ($127 million in 1989).

[10]/ The Executive Board of the IMF has, however, declared Zaire ineligible to use the general resources of the IMF, effective 6 September 1991, in light of the country's overdue financial obligation to the Fund (IMF Press Release No. 91/44 of 10 September 1991).

them. Receiving special treatment as LDCs under GSP schemes[11]/ and having access to other special measures such as those envisaged in the Programme of Action - the Programme of Action, inter alia, calls for giving special attention to LDCs' needs within the framework of the ongoing multilateral trade negotiations and to areas such as advanced implementation of MFN concessions, elimination or substantial reduction of tariffs and non-tariff barriers, as well as the fullest possible liberalization of LDCs' trade in textiles and clothing - could be of significance for these countries. The addition of these countries could thus have sizable implications for the scope of preferential arrangements and market access granted to the category of LDCs.

---

[11]/ It should be noted, however, that the special measures in favour of LDCs under the various GSP schemes are not uniform and vary from one preference-giving country to another. In particular, the product coverage varies a great deal, as do the tariff cuts; moreover, each preference-giving country chooses its own list of beneficiaries, so that there are almost always a few LDCs treated as exceptions. The Programme of Action stresses that there is scope for further improvement of the GSP schemes and improved utilization of the benefits conferred.

## ANNEX I

### Background

53. Twenty years ago, on 18 November 1971, the United Nations General Assembly adopted resolution 2768 (XXVI) in which it approved the initial list of 25 least developed countries (LDCs) upon the recommendation of the Committee for Development Planning (CDP). In that same resolution the General Assembly requested "the Economic and Social Council to instruct the Committee for Development Planning to continue, in close collaboration with the United Nations Conference on Trade and Development, the review of criteria now being used, as well as any other criteria which may in due course be deemed appropriate for the identification of the least developed countries, keeping in view the possibility of modifications in the list of those countries as early as possible".

54. The CDP used three main identification criteria to draw up the list, namely GDP per capita (at current market prices in United States dollars), percentage share of manufacturing in GDP, and adult literacy rate. These indicators were chosen because they were considered to provide a broad perspective on the level of economic development of countries and were deemed to be available for the vast majority of countries. Since then the CDP has periodically reviewed cases of additional countries for possible inclusion in the list of LDCs, applying up to 1990 the above-mentioned three criteria for determining the eligibility of countries to enter into the LDC category, and on the advice of the CDP, the General Assembly has decided on successive additions to the original (1971) list of 25 LDCs.

55. Since 1981 and up to 1990 the following rules of application of the criteria have been used: a country would qualify for inclusion in the list of LDCs: (a) if its per capita GDP fell below the lower cut-off point and it had a manufacturing share of 10 per cent or less of total GDP; or (b) if it satisfied the manufacturing and literacy criteria, even if its per capita GDP exceeded the lower cut-off point, so long as it did not exceed the upper cut-off point. The cut-off points of per capita GDP have been periodically adjusted for the rate of expansion in the per capita GDP of the world market economies, while the bench-marks for the share of manufacturing (10 per cent) and for adult literacy (20 per cent) have remained unchanged. In April 1990, the adjusted lower and upper cut-off points of the per capita GDP criterion applied by the CDP were $473 and $567 respectively, as compared to $100 in the first review.

56. In 1991, acting on the request of the Second United Nations Conference on the LDCs, the CDP undertook a general review of criteria for identifying the LDCs. The Second United Nations Conference on the LDCs had asked that this review be completed by the CDP "expeditiously", and it had specified that, as already discussed in the CDP, the review could introduce "a dynamic element into the application of the criteria." It had also stated that the CDP might wish to avail itself of the experience of the UNCTAD secretariat in its

review.[12]/ At the time of this review, the list of countries identified as LDCs comprised 42 countries namely: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen.

57. The CDP, for the purpose of identifying LDCs, formulated a new set of criteria at its twenty-seventh session in April 1991, which included per capita GDP and two composite indexes: (i) an augmented physical quality of life index (APQLI) comprising four indicators - life expectancy at birth, per capita calorie supplies, combined primary and secondary enrolment ratio, and adult literacy rate; and (ii) an economic diversification index comprising the share of manufacturing in GDP, the share of employment in industry, per capita electricity consumption and an export concentration ratio. On the basis of these criteria, the CDP recommended that the list of 42 LDCs be retained, except for Botswana, and that six new countries, namely Cambodia, Ghana, Madagascar, Solomon Islands, Zaire and Zambia be included in the list. The CDP presented its recommendations to the second regular session of 1991 of the Economic and Social Council in chapter V of its report.[13]/ The CDP also stressed that the recommended list would "have important implications for the Programme of Action for the LDCs in the 1990s in general and for the ODA targets agreed therein".

58. The Economic and Social Council decided "that further consideration of chapter V of the report of the Committee for Development Planning should be carried out by the General Assembly at its forty-sixth session, taking into account the views expressed at the second regular session of 1991 of the Council"; and it invited interested Governments, with technical advice from appropriate United Nations bodies, if necessary, to make available their comments at the sixth session at the General Assembly (decision 1991/275 of 26 July 1991).

59. At its forty-sixth session, the General Assembly, in resolution 46/206 of 20 December 1991, decided that it "will act on the recommendations of the CDP for the inclusion of a country in the list of least developed countries, provided the country concerned has signified its consent". It also decided that the "graduation of a country will be completed following a transitional period of three years, which will commence immediately after the General Assembly has taken note of the finding of the CDP to graduate that country". In this context, it endorsed the recommendations of the CDP regarding the inclusion of Cambodia, Madagascar, Solomon Islands, Zaire and Zambia in the list of LDCs and it also provided that the graduation of Botswana from this list would be completed following a

---

[12]/ Accordingly, a meeting of experts was convened by the Secretary-General of UNCTAD in January 1991. See "Report of the meeting of experts on criteria for identifying the least developed among the developing countries" (document TD/B/1290-TD/B/AC.17/37).

[13]/ See Official Records of the Economic and Social Council, 1991, Supplement No. 11 (E/1991/32), chap. V.

transition period of three years. In that same resolution, the General Assembly requested the CDP "to consider further possible improvements in the criteria and their applications and to report thereon to the General Assembly at its fifty-second session through the Economic and Social Council." It also requested "the Secretary-General of the United Nations Conference on Trade and Development to report to the Conference at its eighth session on the resources and other implications of the application of the new criteria for identifying the least developed countries on the implementation of the Programme of Action for them for the 1990s".

## ANNEX II

Annex table 1

LDCs' external debt (at year end) and debt service, by source of lending, 1989

| | External debt | | | | Debt service | | | |
|---|---|---|---|---|---|---|---|---|
| | Millions of dollars | | % of total | | Millions of dollars | | % of total | |
| | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs |
| I. Long-term | 76998 | 94784 | 92.7 | 91.8 | 3681 | 4964 | 87.0 | 88.8 |
| A. Concessional | 54378 | 62716 | 65.5 | 60.7 | 1510 | 1711 | 35.7 | 30.6 |
| (a) OECD countries | 13412 | 17073 | 16.1 | 16.5 | 404 | 517 | 9.5 | 9.3 |
| (b) Other countries | 18271 | 19936 | 22.0 | 19.3 | 579 | 596 | 13.7 | 10.7 |
| (c) Multilateral agencies[a/] | 22695 | 25707 | 27.3 | 24.9 | 527 | 598 | 12.5 | 10.7 |
| B. Non-concessional | 22621 | 32069 | 27.2 | 31.1 | 2171 | 3254 | 51.3 | 58.2 |
| (a) OECD countries | 8206 | 14153 | 9.9 | 13.7 | 1307 | 1805 | 30.9 | 32.3 |
| (i) Official/off.supported | 5755 | 11007 | 6.9 | 10.7 | 827 | 1165 | 19.5 | 20.8 |
| (ii) Financial markets | 2311 | 3006 | 2.8 | 2.9 | 461 | 622 | 10.9 | 11.1 |
| (iii) Other private | 140 | 140 | 0.2 | 0.1 | 18 | 18 | 0.4 | 0.3 |
| (b) Other countries | 10215 | 11207 | 12.3 | 10.9 | 104 | 162 | 2.5 | 2.9 |
| (c) Multilateral agencies[a/] | 4200 | 6709 | 5.1 | 6.5 | 760 | 1286 | 18.0 | 23.0 |
| II. Short-term | 6055 | 8457 | 7.3 | 8.2 | 553 | 625 | 13.1 | 11.2 |
| GRAND TOTAL[a/] | 83055 | 103242 | 100.0 | 100.0 | 4232 | 5588 | 100.0 | 100.0 |
| Memo item: use of IMF credit | 3314 | 5026 | 4.0 | 4.9 | 577 | 1052 | 13.6 | 18.8 |

Source: UNCTAD calculations based on information from the OECD/DAC secretariat.

a/ Including use of IMF credit.

/...

Annex table 2

Bilateral concessional debt and debt service of 47 LDCs, 1989

| Creditor country[a/] | Total debt, 1989 $ billion | | % of total | | Debt service $ million 1989 | | Average 1990-1991 | | As % of total, 1989 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs |
| DAC | 12.81 | 15.27 | 48.3 | 51.6 | 272.2 | 290.9 | 681.7 | 861.0 | 33.3 | 34.4 |
| of which: | | | | | | | | | | |
| Japan | 5.51 | 6.13 | 20.8 | 20.7 | 124.6 | 128.0 | 256.9 | 307.6 | 15.2 | 15.1 |
| United States | 2.95 | 3.56 | 11.1 | 12.0 | 60.0 | 64.7 | 146.5 | 195.1 | 7.3 | 7.7 |
| France | 1.84 | 2.25 | 6.9 | 7.6 | 46.2 | 51.3 | 120.0 | 161.3 | 5.6 | 6.1 |
| Germany | 0.91 | 1.20 | 3.4 | 4.1 | 20.8 | 21.5 | 59.0 | 76.5 | 2.5 | 2.5 |
| Italy | 0.86 | 1.00 | 3.3 | 3.4 | 15.3 | 17.6 | 63.0 | 69.0 | 1.9 | 2.1 |
| Belgium | 0.10* | 0.20 | 0.4 | 0.7 | 0.9 | 0.9 | 2.7 | 4.8 | 0.1 | 0.1 |
| Netherlands | 0.14 | 0.19 | 0.5 | 0.6 | 2.4 | 2.4 | 9.6 | 12.3 | 0.3 | 0.3 |
| United Kingdom | 0.09* | 0.18 | 0.3 | 0.6 | 0.7 | 2.9 | 4.3 | 12.0 | 0.1 | 0.3 |
| Denmark | 0.13 | 0.16 | 0.5 | 0.5 | 0.0 | 0.0 | 3.4 | 4.4 | 0.0 | 0.0 |
| Austria | 0.11 | 0.12 | 0.4 | 0.4 | 0.0 | 0.2 | 5.3 | 5.8 | 0.0 | 0.0 |
| Canada | 0.01* | 0.11 | 0.0 | 0.4 | - | - | 0.2 | 1.0 | - | - |
| Countries in Eastern Europe | 6.39 | 6.53 | 24.1 | 22.0 | 259.9 | 262.0 | 922.3 | 947.4 | 31.8 | 31.0 |
| of which: | | | | | | | | | | |
| USSR | 5.93 | 6.06 | 22.3 | 20.5 | 225.1 | 227.3 | 857.8 | 882.8 | 27.5 | 26.9 |
| Czechoslovakia | 0.31 | 0.31 | 1.2 | 1.1 | 22.7 | 22.7 | 40.6 | 40.6 | 2.8 | 2.7 |
| Other developed countries | 0.31 | 0.31 | 1.1 | 1.1 | 1.4 | 2.6 | 31.0 | 32.8 | 0.2 | 0.3 |
| China | 1.34 | 1.59 | 5.1 | 5.4 | 6.2 | 7.0 | 78.7 | 95.1 | 0.8 | 0.8 |
| OPEC countries | 4.91 | 5.02 | 18.5 | 16.9 | 158.4 | 161.9 | 405.0 | 416.4 | 19.4 | 19.2 |
| of which: | | | | | | | | | | |
| Saudi Arabia | 1.95 | 2.03 | 7.4 | 6.9 | 59.7 | 60.7 | 177.0 | 186.3 | 7.3 | 7.2 |
| Kuwait | 1.35 | 1.36 | 5.1 | 4.6 | 55.1 | 57.1 | 96.1 | 97.7 | 6.7 | 6.8 |
| Iraq | 0.45 | 0.46 | 1.7 | 1.6 | 7.9 | 7.9 | 26.2 | 28.2 | 1.0 | 0.9 |
| Libyan Arab Jamahiriya | 0.41 | 0.41 | 1.5 | 1.4 | 4.6 | 4.6 | 18.7 | 18.7 | 0.6 | 0.5 |
| United Arab Emirates | 0.36 | 0.37 | 1.4 | 1.2 | 28.8 | 29.3 | 37.8 | 38.3 | 3.5 | 3.5 |
| Algeria | 0.34 | 0.34 | 1.3 | 1.2 | 1.5 | 1.5 | 44.5 | 44.5 | 0.2 | 0.2 |
| Other developing countries | 0.57 | 0.57 | 2.1 | 1.9 | 111.1 | 111.1 | 47.8 | 47.8 | 13.6 | 13.2 |
| Total bilateral concessional[b/] | 26.53 | 29.62 | 100.0 | 100.0 | 818.3 | 844.8 | 2179.2 | 2416.6 | 100.0 | 100.0 |

Source: UNCTAD calculations derived from the World Bank Debtor Reporting System (DRS).

Note: Afghanistan, Cambodia, Kiribati and Tuvalu are not covered by the DRS.

a/ Countries with outstanding ODA loans to the 47 LDCs (under the new list) exceeding $100 million in 1989.
b/ Including multiple lenders.

/...

Annex table 5

Total multilateral debt and debt service to LDCs

| Creditor agencies/ | Total debt, 1989 | | | | Debt service | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ billion | | % of total | | $ million | | | | | |
| | | | | | 1989 | | Average 1990-1991 | | As % of total, 1989 | |
| | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs | 42 LDCs | 47 LDCs |
| Concessional b/ | 21.41 | 24.15 | 91.2 | 88.6 | 415.6 | 453.8 | 656.9 | 732.0 | 58.8 | 54.9 |
| of which: | | | | | | | | | | |
| IDA | 13.78 | 15.68 | 58.7 | 57.5 | 138.9 | 154.6 | 211.1 | 236.2 | 19.7 | 18.7 |
| Asian Development Bank | 2.21 | 2.24 | 9.4 | 8.2 | 41.1 | 41.5 | 55.5 | 56.1 | 5.8 | 5.0 |
| African Development Fund | 1.85 | 2.14 | 7.9 | 7.9 | 17.9 | 19.8 | 36.4 | 43.5 | 2.5 | 2.4 |
| AFESD | 0.74 | 0.74 | 3.1 | 2.7 | 46.3 | 46.3 | 105.7 | 105.7 | 6.6 | 5.6 |
| IFAD | 0.57 | 0.63 | 2.4 | 2.3 | 6.0 | 6.4 | 14.2 | 16.6 | 0.8 | 0.8 |
| OPEC Special Fund | 0.55 | 0.56 | 2.3 | 2.1 | 62.3 | 67.3 | 79.2 | 84.9 | 8.8 | 8.1 |
| European Development Fund | 0.22 | 0.37 | 0.9 | 1.4 | 4.6 | 7.0 | 7.5 | 12.3 | 0.7 | 0.8 |
| EEC | 0.24 | 0.35 | 1.0 | 1.3 | 2.0 | 5.5 | 4.7 | 11.2 | 0.3 | 0.7 |
| European Investment Bank | 0.23 | 0.31 | 1.0 | 1.1 | 7.8 | 10.7 | 16.3 | 26.2 | 1.1 | 1.3 |
| BADEA | 0.21 | 0.25 | 0.9 | 0.9 | 17.6 | 20.4 | 29.2 | 33.7 | 2.5 | 2.5 |
| Islamic Development Bank | 0.23 | 0.23 | 1.0 | 0.9 | 19.9 | 19.9 | 29.5 | 29.5 | 2.8 | 2.4 |
| IBRD | 0.17 | 0.20 | 0.7 | 0.7 | 30.1 | 31.5 | 28.8 | 35.5 | 4.3 | 3.8 |
| IDB | 0.14 | 0.14 | 0.6 | 0.5 | 5.4 | 5.4 | 6.4 | 6.4 | 0.8 | 0.6 |
| African Development Bank | 0.09 | 0.11 | 0.4 | 0.4 | 9.9 | 11.4 | 11.1 | 11.9 | 1.4 | 1.4 |
| Non-concessional b/ | 2.06 | 3.12 | 8.8 | 11.4 | 291.1 | 372.1 | 435.4 | 634.6 | 41.2 | 45.1 |
| of which: | | | | | | | | | | |
| IBRD | 0.73 | 1.27 | 3.1 | 4.6 | 123.8 | 151.2 | 155.3 | 243.3 | 17.5 | 18.3 |
| African Development Bank | 0.71 | 1.11 | 3.0 | 4.1 | 111.4 | 144.3 | 141.1 | 221.5 | 15.8 | 17.5 |
| Arab Monetary Fund | 0.23 | 0.23 | 1.0 | 0.8 | 6.8 | 6.8 | 38.6 | 38.6 | 1.0 | 0.8 |
| European Investment Bank | 0.10 | 0.15 | 0.4 | 0.6 | 14.6 | 25.4 | 19.5 | 29.4 | 2.1 | 3.1 |
| GRAND TOTAL b/ | 23.47 | 27.27 | 100.0 | 100.0 | 706.7 | 825.9 | 1092.3 | 1366.7 | 100.0 | 100.0 |

Source: UNCTAD calculations derived from the World Bank Debtor Reporting System (DRS).

Note: Afghanistan, Cambodia, Kiribati and Tuvalu are not covered by the DRS.

a/ Agencies with outstanding loans to the 47 LDCs (under the new list) exceeding $100 million in 1989.
b/ Excluding the use of IMF credit.

/...

Annex table 4

Commodity structure of exports of LDCs by main category

( 1990 or latest year available)

| Group or country | Total value (millions of dollars) | Main category of exports (in %) | | | | | |
|---|---|---|---|---|---|---|---|
| | | All food items | Agricultural raw materials | Fuels | Ores and metals | Manufactured goods | Unallocated |
| | | SITC 0+1+22+4 | SITC 2-22-27-28 | SITC 3 | SITC 27+28+68 | SITC 5+6+7+8-68 | SITC 9 |
| All LDCs a/ | 9063 | 27.8 | 13.0 | 8.9 | 12.6 | 34.9 | 2.8 |
| Cambodia | 4 | .. | .. | .. | .. | .. | .. |
| Madagascar | 406 | 81.2 | 3.4 | 2.2 | 5.3 | 7.9 | - |
| Solomon Islands | 70 | 67.9 | 24.5 | - | 2.1 | - | 5.5 |
| Zaire | 1200 | 18.0 | 2.1 | 15.4 | 50.6 | 11.9 | 2.0 |
| Zambia | 899 | 2.0 | 0.5 | - | 92.2 | 4.8 | 0.4 |

Source: UNCTAD secretariat.

a/ Previous list (42 countries).

/...

## Annex table 5

### Export structure of Madagascar, Solomon Islands, Zaire and Zambia, at the SITC Revision 2, group (3-digit) level (ranked by average 1987-1988 values)

| SITC group / Groupe de la CTCI | 1987-1988 Value (thousands of dollars) / Valeur (milliers de dollars) | As percentage / En pourcentage: of country total / du total du pays | of ** / des ** | of world / du monde |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| **Madagascar (** = developing)** | | | | |
| | All commodities | 302 996 | 100.00 | 0.06 | 0.01 |
| 071 | Coffee and substitutes | 96 018 | 31.69 | 0.97 | 0.83 |
| 075 | Spices | 84 371 | 27.85 | 7.04 | 5.38 |
| 036 | Shell fish fresh, frozen | 37 452 | 12.36 | 0.65 | 0.40 |
| 652 | Cotton fabrics, woven | 14 450 | 4.77 | 0.37 | 0.12 |
| 278 | Other crude minerals | 9 569 | 3.16 | 1.20 | 0.20 |
| 061 | Sugar and honey | 7 381 | 2.44 | 0.11 | 0.07 |
| 287 | Base metal ores, conc nes | 6 744 | 2.23 | 0.13 | 0.06 |
| 292 | Crude veg materials nes | 5 767 | 1.90 | 0.32 | 0.07 |
| 263 | Cotton | 5 614 | 1.85 | 0.22 | 0.08 |
| 072 | Cocoa | 4 633 | 1.53 | 0.13 | 0.10 |
| 551 | Essentl oils, perfume, et | 3 986 | 1.32 | 1.32 | 0.15 |
| 057 | Fruit, nuts, fresh, dried | 3 178 | 1.05 | 0.05 | 0.02 |
| 265 | Veg fibre, excl cotn, jut | 2 997 | 0.99 | 2.08 | 0.62 |
| 034 | Fish, fresh, chilled, fro | 2 986 | 0.99 | 0.10 | 0.03 |
| 054 | Veg etc frsh, smply prsvd | 2 546 | 0.84 | 0.08 | 0.02 |
| 611 | Leather | 1 960 | 0.65 | 0.09 | 0.03 |
| | Remainder | 13 362 | 4.41 | | |
| **Solomon Islands – Iles Salomon (** = developing)** | | | | |
| | All commodities | 72 699 | 100.00 | 0.01 | 0.00 |
| 247 | Oth wood rough, squared | 21 341 | 29.36 | 0.82 | 0.37 |
| 034 | Fish, fresh, chilled, fro | 21 026 | 28.92 | 0.71 | 0.19 |
| 223 | Seeds for oth fixed oils | 6 276 | 8.63 | 2.11 | 1.08 |
| 037 | Fish etc prepd, prsvd nes | 5 065 | 6.97 | 0.23 | 0.11 |
| 072 | Cocoa | 4 830 | 6.64 | 0.14 | 0.11 |
| 931 | Special transactions | 4 735 | 6.51 | 0.11 | 0.01 |
| 424 | Fixed veg oil nonsoft | 3 403 | 4.68 | 0.13 | 0.10 |
| 291 | Crude animal matrials nes | 1 846 | 2.54 | 0.34 | 0.08 |
| 248 | Wood shaped, sleepers | 1 267 | 1.74 | 0.04 | 0.01 |
| 035 | Fish, salted, dried, smoke | 1 067 | 1.47 | 0.54 | 0.06 |
| 971 | Gold, non monetary nes | 734 | 1.01 | 0.06 | 0.01 |
| 036 | Shell fish fresh, frozen | 240 | 0.33 | 0.00 | 0.00 |
| 531 | Synt dye, nat indgo, lake | 154 | 0.21 | 0.05 | 0.00 |
| 334 | Petroleum products, refin | 133 | 0.18 | 0.00 | 0.00 |
| 081 | Feeding stuff for animls | 66 | 0.09 | 0.00 | 0.00 |
| 772 | Switchgear etc, parts nes | 56 | 0.08 | 0.00 | 0.00 |
| | Remainder | 461 | 0.63 | | |

| SITC group / Groupe de la CTCI | 1987-1988 Value (thousands of dollars) / Valeur (milliers de dollars) | As percentage / En pourcentage: of country total / du total du pays | of ** / des ** | of world / du monde |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| **Zaire – Zaïre (** = developing)** | | | | |
| | All commodities | 1 044 992 | 100.00 | 0.21 | 0.04 |
| 682 | Copper exc cement copper | 385 535 | 36.89 | 7.96 | 2.66 |
| 071 | Coffee and substitutes | 165 405 | 15.83 | 1.68 | 1.44 |
| 667 | Pearl,prec-,semi-p stones | 131 264 | 12.56 | 3.19 | 0.66 |
| 333 | Crude petroleum | 127 812 | 12.23 | 0.13 | 0.09 |
| 689 | Non-fer base metals nes | 75 885 | 7.26 | 39.99 | 5.84 |
| 931 | Special transactions | 29 908 | 2.86 | 0.66 | 0.07 |
| 686 | Zinc | 23 881 | 2.29 | 6.34 | 0.99 |
| 247 | Oth wood rough, squared | 13 166 | 1.26 | 0.51 | 0.23 |
| 277 | Natural abrasives nes | 12 142 | 1.16 | 13.88 | 1.84 |
| 287 | Base metal ores, conc nes | 9 579 | 0.92 | 0.18 | 0.09 |
| 248 | Wood shaped, sleepers | 8 360 | 0.80 | 0.29 | 0.05 |
| 699 | Base metal mfrs nes | 7 267 | 0.70 | 0.36 | 0.04 |
| 232 | Natural rubber, gums | 7 127 | 0.68 | 0.14 | 0.14 |
| 072 | Cocoa | 6 926 | 0.66 | 0.20 | 0.15 |
| 334 | Petroleum products, refin | 6 615 | 0.63 | 0.02 | 0.01 |
| 541 | Medicinal, pharm products | 5 543 | 0.53 | 0.39 | 0.02 |
| | Remainder | 28 577 | 2.73 | | |
| **Zambia – Zambie (** = developing)** | | | | |
| | All commodities | 1 025 495 | 100.00 | 0.20 | 0.04 |
| 682 | Copper exc cement copper | 848 788 | 82.77 | 17.53 | 5.85 |
| 689 | Non-fer base metals nes | 40 803 | 3.98 | 21.50 | 3.14 |
| 351 | Electric energy | 24 612 | 2.40 | 13.62 | 0.46 |
| 121 | Tobacco unmnfctrd, refuse | 23 243 | 2.27 | 1.38 | 0.60 |
| 667 | Pearl,prec-,semi-p stones | 20 653 | 2.01 | 0.50 | 0.10 |
| 672 | Iron, steel primary forms | 13 178 | 1.29 | 0.56 | 0.11 |
| 686 | Zinc | 9 390 | 0.92 | 2.49 | 0.39 |
| 681 | Silver, platinum, etc | 7 294 | 0.71 | 1.08 | 0.12 |
| 057 | Fruit, nuts, fresh, dried | 6 206 | 0.61 | 0.10 | 0.04 |
| 652 | Cotton fabrics, woven | 5 273 | 0.51 | 0.14 | 0.04 |
| 071 | Coffee and substitutes | 1 912 | 0.19 | 0.02 | 0.02 |
| 651 | Textile yarn | 1 778 | 0.17 | 0.03 | 0.01 |
| 685 | Lead | 1 594 | 0.16 | 0.98 | 0.15 |
| 874 | Measurng, controlng instr | 1 398 | 0.14 | 0.13 | 0.00 |
| 611 | Leather | 1 289 | 0.13 | 0.06 | 0.02 |
| 718 | Oth power generatg machy | 1 067 | 0.10 | 0.81 | 0.04 |
| | Remainder | 17 016 | 1.66 | | |

Source: Handbook of International Trade and Development Statistics 1990 (United Nations publication, Sales No. E/F.91.II.D.1), table 4.3.

Note: Data for Cambodia not available.

---